

5 pages

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re:

JOHN D. REYNEN and JUDITH M. REYNEN,

Debtors.

Case No.: 08-25145

Chapter 11

MLG-022

In re:

CHRISTO BARDIS and SARA BARDIS,

Debtors.

Case No.: 08-34878

Chapter 11

MHK-009

**EXHIBIT H TO PROPOSED DISCLOSURE STATEMENT
FOR DEBTORS' JOINT PLAN OF REORGANIZATION**

(Curriculum Vitae of Proposed Plan Agent)

Hank M. Spacone, MBA, CPA

hspacone@thg-sac.com

Hank Spacone is a licensed and practicing certified public accounting with over 25 years of experience. He has served as a Chapter 11 bankruptcy trustee in both the Northern and Eastern District of California. He has providing consulting services to corporate and individual clients covering many industries. He has extensive experience in complex corporate reorganization and bankruptcy liquidations. Additional skills include experience in developing financial structuring for public/private partnership projects through private placements and public offerings. Hank Spacone has also served as the chief financial officer of a public traded company.

Education

University of Redlands (B.A.)
Golden Gate University (MBA)

Licenses

Certified Public Accountant
General Building Contractor
Real Estate Broker

Professional Affiliations

American Institute of Certified Public Accountants
California Society of Certified Public Accountants
National Association of Bankruptcy Trustees
California Bankruptcy Forum – SVC – Board of Directors/Treasurer
California Receivers Forum – SVC

References

Hank Spacone can provide references in several industries upon request.

Summary of Qualifications

I am fully qualified to discharge the duties of Chapter 11 Trustee in all circumstances. A summary of my relevant skill set is below:

- Practicing Certified Public Accountant for 25 years,
- Former Chief Financial Officer of a publicly traded company,
- Consultant to many businesses in connection with complex reorganizations,
- Chapter 11 Trustee for cases in both the Eastern and Northern District of California for over 15 years,
- Strong business background dealing with a wide range of significant operational and financial issues,
- Ability to hit large projects hard due to flexible workload and workforce.

Reporting

Concise, frequent and well-tailored reporting is key to all successful bankruptcy cases. If engaged, I would review with creditors (1) the reports currently being generated, (2) the purpose of the reports, and (3) the extent of the circulation of the information regarding case administration and the status of dividends.

Nearly all of my engagements require regular reporting to many parties. I frequently report on a regular basis to the courts, the Office of the United States Trustee, creditors and creditors' committees, regulatory agencies, taxing authorities, and boards of directors. Consistent, accurate, and frequent communications help to prevent surprises and keep small problems from expanding.

Leadership in the Chapter 11 Process

In any project, the primary task is to rank the objectives and the measures of success. Many times those include the following:

- Identifying and prioritizing your goals and refining those goals periodically;
- Evaluating periodically whether the goals can be achieved faster, better, or more cost-effectively through other means;
- Laying out and prioritizing the tasks necessary to achieve the goals, and refining those tasks periodically;
- Frequent and consistent reporting – surprises are the enemy and small problems grow without adequate communication;
- Containing legal fees and keeping the legal and accounting functions separate – lawyers make terrible accountants;
- Develop a timetable and always be working towards closure – without loose ends; and
- Personal continuity and accountability.

Working with companies in transition is my business. I am often charged with maintaining a business operation while attempting to maximize going concern value. In doing so, I work closely with the senior management, inside and outside counsel, and financial personnel. I have preserved and in numerous cases enhanced asset value during my tenure. Examples of situations that display the skills required of the back-up servicer are below:

Crisis Management Experience

In re At Home Corp. I was recruited to become the successor trustee of a litigation trust. The trustee had unexpectedly resigned. The Trust assets included a large number of litigation assets that would be the primary source of future recoveries for beneficiaries. Managing these assets required that I quickly evaluate the litigation and develop a cost benefit analysis of each individual matter. In addition, I had to manage the legal staffing – which involved multiple law firms engaged on different financial terms. Legal fees were the primary drain on the assets under my administration, and could only be justified if their value exceeded their cost. Over the course of but a few weeks, I restructured all compensation arrangements to align them with the interest of my beneficiaries, turning most into contingency arrangements.

I was responsible to thousands of beneficiaries, and all that entails – data management, process management to address communications, changes of address, distribution of tax reporting materials and many other issues. As the result of many years of personally designing such systems and knowing how to integrate the legal and accounting issues involved, I successfully created a system that was operational within a few weeks.

Finally, at the same time, I had to address the corporate requirements of my position. This included sourcing insurance for myself and my board of directors, complying with tax laws, engaging and terminating employees, directing investment of substantial trust assets, and reconciling trust financial records to begin the project on a clean slate, and maintaining key financial records, all directed at bringing the project to an end on a specified timetable and within a budget. The project remains within budget.

One reason I can quickly devote significant resources and personal attention to a large project is that I have flexibility in my workload as well as my workforce. I specifically structured my business model to accommodate such projects. As a bankruptcy trustee in good standing, I can decline to accept new engagements when my immediate attention is needed for a large project. I have also worked to develop a stable of part-time employees who are available to step up when a large project requires.

Specialized Management Experience

In re Russ Transmission. Two liquidate industrial facilities worth millions of dollars; I ran the operations of the company for over a year while executing the marketing strategy I designed. This required working directly with management, lenders, outside accountants, various law firms and other professionals. Because the company lacked seasoned in-house

financial management, I also assumed those responsibilities while the company operated. All creditors were paid 100% of their claims, plus interest.

Public Relations Experience

In re Solano County Economic Opportunity Counsel ("SCEOC"). In liquidating SCEOC, I was responsible for a large, high profile non-profit corporation in Solano County, California that had run over 20 different programs, including Head Start. The case was closely followed by the media. To control the media coverage, I scheduled quarterly meetings for the benefit of program managers, past employees, and creditors. I made a point of contacting the various reporters and news commentators who had expressed an interest in the case. The media coverage was positive during the administration of the case. Employees and creditors made relatively few calls to ask questions or make complaints, which reduced operating costs and improved staff morale.

Always Look for the Faster, Better, Cheaper Solution

In re Mainland Marketing. I always look ahead for ways to make the job faster, simpler and more efficient. In one engagement, I developed a specialized computer program to assist in the management and processing of several thousand beneficiary claims. In addition, to perform most of the accounting work I engaged off-season accounting staff who were on the payrolls of local accounting firms. Because I was using the firms' excess capacity, I received a substantial discount on fees. This case was expected to pay nothing for creditors. By improving recoveries and minimizing costs, however, creditors received over 30 cents on the dollar.

Public Company Experience

Atlantis Mining & Manufacturing. As Chief Financial Officer of a public company, I gained a great deal experience in working with in-house corporate counsel, financial officers, contract attorneys, outside accounting firms, and other professionals through a wide range of projects. During my tenure, the company developed, mined and processed gold-bearing ore from multiple claims. I was responsible for the general financial affairs of the company, including taking the company through an initial public offering, reporting to the SEC, and overseeing year end audit process. I also worked closely with underwriters, brokerage firms, and media professionals.

Other Senior Financial Management Experience

Gardemeyer Companies. As the senior financial manager for a number of entities involved in real estate development, construction, and asset management, I was responsible for all financial and accounting matters in connection with the development and construction of over \$60 million in public/private partnerships.